

# Urban Village Implementation



**City Council Study Session  
November 12, 2013**

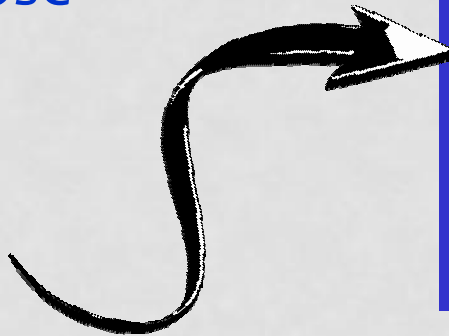
## Recent Milestones

- June 4 – Council direction for a Study Session
- October 22 – Annual progress report to Council on the implementation of the General Plan
- October 22 – Council adopted Alum Rock Rezoning
- October 26 – CED discussion on Urban Village attributes
- **November 12 – Council Study Session on the implementation and financing of Urban Villages**
- November 19 – Council considers adoption of the first Urban Village Plans for the Five Wounds area

# San Jose Welcomes Significant Growth

## Growth Areas

- Employment Lands
  - North San Jose
  - Edenvale
- Downtown
- Urban Villages
- Specific Plan Areas

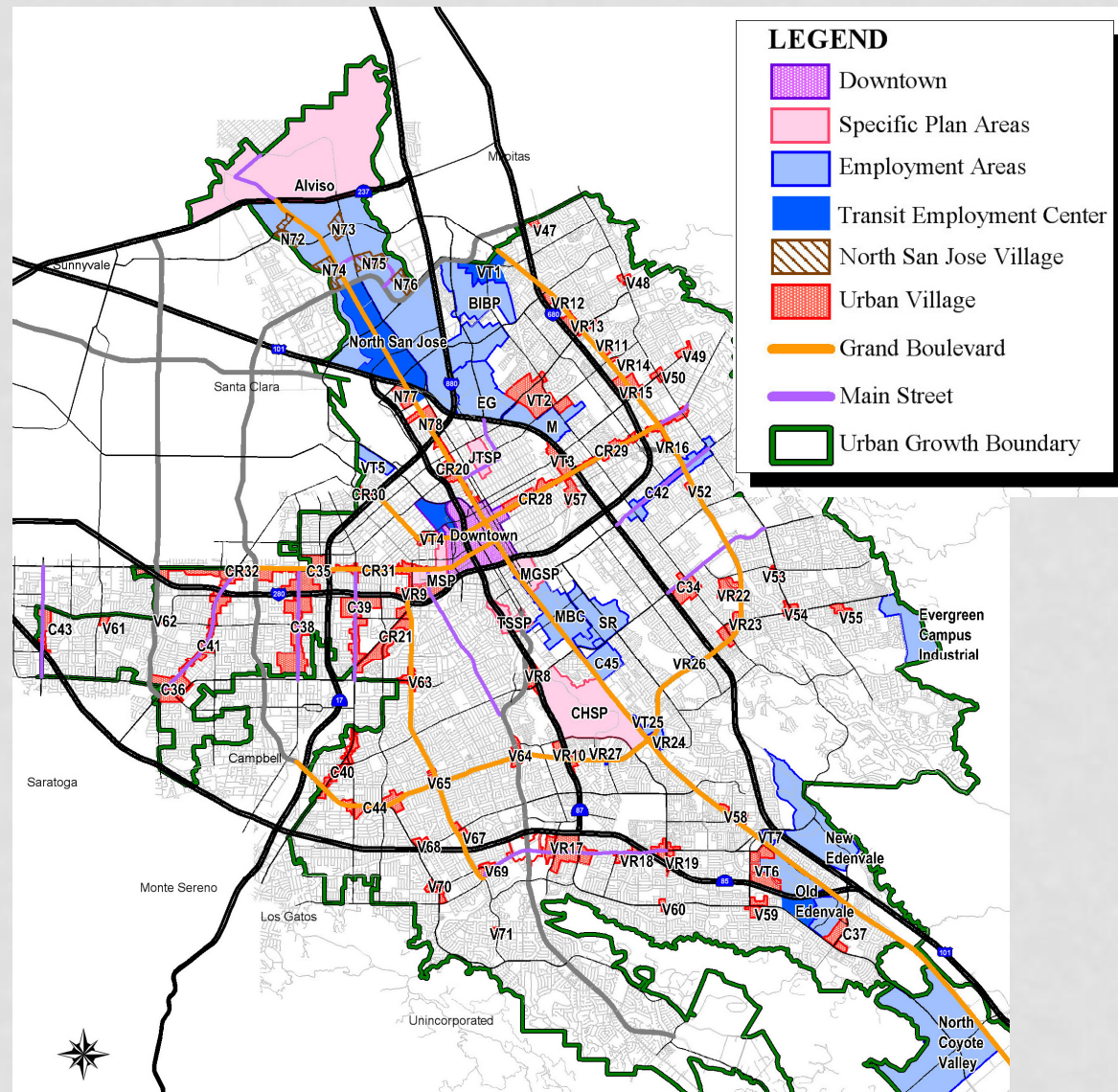


- Transit Villages (Light Rail)
- Neighborhood Villages
- Transit Corridors (BRT)
- Commercial Centers
- Transit Hubs (BART and Caltrain)

Each of the Growth Areas have a planned capacity for jobs and housing.



# Planned Growth Areas





# San Jose is open for business

- From January 1, 2012 through September 30, 2013, building permits were issued for 5,396 housing units.
- For the same period, building permits were issued for over 1.7 million Sq. Ft. of commercial/industrial development valued at \$450 M (a 12-year high).
- Major development applications are in the planning phase (not yet entitled):
  - Over 6,500 housing units in Specific Plan areas, Downtown, and other growth locations
  - Over 5 million SF of office/R&D

# Development Opportunities Exist Now

- All areas of San Jose planned for industrial and commercial uses are open to development now.
- Downtown has a total job capacity of 48,000 jobs and remaining housing capacity of 10,000 units (of which over 1,000 units are already entitled).
- 12,500 units are on sites with entitlements.
- Horizon 1 adds almost 4,500 units with Urban Village Plans.
- Post-Horizon 1 areas can do Signature Projects that include jobs and housing, drawing from a 5,000-unit housing pool.

# Urban Village Implementation Goal

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**Create a cohesive, practical set of plans, policies, procedures, and tools to facilitate development of different types of Urban Villages in San Jose in a manner that:**

- Provides property owners, developers, and investors with clarity and timeline certainty about allowed development (what/where/when), process for approval, CEQA clearance, costs, and requirements.
- Provides the community and City Council with assurance that major goals of the Envision San Jose 2040 General Plan (such as VMT reduction, improved jobs housing balance, reduced GHG emissions) will be achieved over time through project implementation.



# Why Are Urban Village Plans Important to San Jose?

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- **Enhance Quality of Life and Sustainability Goal**
  - Vital districts with more housing options.
  - More urban services and amenities.
  - Preserve open space, cut GHG emissions, etc.
- **Enhance City's Fiscal Position**
  - Net fiscal benefit: Intensified development value with marginal increase to public services and facilities.
- **Enhance Development and Economic Development**
  - More clarity for developers on desired form and process.
  - Create places and revenue sources for job growth.

## Urban Village growth areas have different ...

- Locations and contexts
- Shapes and sizes
- Property structures (parcel sizes and ownerships)

***But, they are planned to have common characteristics...***

- More urban in density, form, and character
- Mix of uses integrated together
- Designed for walking
- Strong connected public realm: parks, plazas, paseos
- Transit oriented and transit supportive



# San Jose's Fiscal Framework

- San Jose's land use pattern affects the City's fiscal health.
- Envision San Jose General Plan is a significant change to job generation and focused growth to grow revenues and reduce service costs.
- San Jose has the opportunity to realign tax and fiscal strategies with General Plan job goals.
- San Jose can reevaluate service delivery goals reflecting the changing form of the City and resident needs.





# San Jose's Fiscal Framework

- San Jose relies on new development to invest in new infrastructure, contribute to renew infrastructure and solve operational needs.
- Efforts are underway to address unmet transportation needs and evaluate other fiscal strategies.
- Housing market demand far exceeds demand for job-generating uses currently.
- San Jose needs to be strategic to attract jobs, as well as, an enhanced public realm to create great places within Urban Villages.

**Existing HGST Campus**

**Retail Center-Village Oaks Residential - Cottle Station**

**Multi Family Residential**

**South Side of Raleigh Rd. Proposed Linear Park, Screen Buffering, and Circulation/Connectors**

**Charlotte Drive**

**Extension of Raleigh Road to Via del Oro**

**Transit Center Connection to Community**

**Bicycle Lanes Along Great Oaks Parkway**

**Existing Linear Park (Existing on North Side of Raleigh Rd. In Need of More Buffering)**

**Green Buffer and Linear Recreation Space Along Manassas Road**

**Connection to Light Rail Transit**

**LOT 1: 14.77 Gross Acreage Up to 900 Units**

**LOT 8: Up to 650 Units**

**LOT 9: Up to 300 Units**

**LOT 10: Up to 940 Units**

**LOT 12: Up to 940 Units**

**LOT 4: 345,000 sq ft of Retail & 220 Units Res**

**LOT 5: 345,000 sq ft of Retail & 220 Units Res**

**LOT 6: 345,000 sq ft of Retail & 220 Units Res**

**LOT 7: 345,000 sq ft of Retail & 220 Units Res**

**LOT A: Up to 650 Units**

**LOT B: Up to 650 Units**

**LOT C: Up to 650 Units**

**LOT D: Up to 650 Units**

**LOT E: Up to 650 Units**

**LOT F: Up to 650 Units**

**LOT G: Up to 650 Units**

**LOT H: Up to 650 Units**

**LOT I: Up to 650 Units**

**LOT J: Up to 650 Units**

**LOT K: Up to 650 Units**

**LOT L: Up to 650 Units**

**LOT M: Up to 650 Units**

**LOT N: Up to 650 Units**

**LOT O: Up to 650 Units**

**LOT P: Up to 650 Units**

**LOT Q: Up to 650 Units**

**LOT R: Up to 650 Units**

**LOT S: Up to 650 Units**

**LOT T: Up to 650 Units**

**LOT U: Up to 650 Units**

**LOT V: Up to 650 Units**

**LOT W: Up to 650 Units**

**LOT X: Up to 650 Units**

**LOT Y: Up to 650 Units**

**LOT Z: Up to 650 Units**

**LOT AA: Up to 650 Units**

**LOT AB: Up to 650 Units**

**LOT AC: Up to 650 Units**

**LOT AD: Up to 650 Units**

**LOT AE: Up to 650 Units**

**LOT AF: Up to 650 Units**

**LOT AG: Up to 650 Units**

**LOT AH: Up to 650 Units**

**LOT AI: Up to 650 Units**

**LOT AJ: Up to 650 Units**

**LOT AK: Up to 650 Units**

**LOT AL: Up to 650 Units**

**LOT AM: Up to 650 Units**

**LOT AN: Up to 650 Units**

**LOT AO: Up to 650 Units**

**LOT AP: Up to 650 Units**

**LOT AQ: Up to 650 Units**

**LOT AR: Up to 650 Units**

**LOT AS: Up to 650 Units**

**LOT AT: Up to 650 Units**

**LOT AU: Up to 650 Units**

**LOT AV: Up to 650 Units**

**LOT AW: Up to 650 Units**

**LOT AX: Up to 650 Units**

**LOT AY: Up to 650 Units**

**LOT AZ: Up to 650 Units**

**LOT BA: Up to 650 Units**

**LOT BB: Up to 650 Units**

**LOT BC: Up to 650 Units**

**LOT BD: Up to 650 Units**

**LOT BE: Up to 650 Units**

**LOT BF: Up to 650 Units**

**LOT BG: Up to 650 Units**

**LOT BH: Up to 650 Units**

**LOT BI: Up to 650 Units**

**LOT BJ: Up to 650 Units**

**LOT BK: Up to 650 Units**

**LOT BL: Up to 650 Units**

**LOT BM: Up to 650 Units**

**LOT BN: Up to 650 Units**

**LOT BO: Up to 650 Units**

**LOT BP: Up to 650 Units**

**LOT BQ: Up to 650 Units**

**LOT BR: Up to 650 Units**

**LOT BS: Up to 650 Units**

**LOT BT: Up to 650 Units**

**LOT BU: Up to 650 Units**

**LOT BV: Up to 650 Units**

**LOT BW: Up to 650 Units**

**LOT BX: Up to 650 Units**

**LOT BY: Up to 650 Units**

**LOT BZ: Up to 650 Units**

**LOT CA: Up to 650 Units**

**LOT CB: Up to 650 Units**

**LOT CC: Up to 650 Units**

**LOT CD: Up to 650 Units**

**LOT CE: Up to 650 Units**

**LOT CF: Up to 650 Units**

**LOT CG: Up to 650 Units**

**LOT CH: Up to 650 Units**

**LOT CI: Up to 650 Units**

**LOT CJ: Up to 650 Units**

**LOT CK: Up to 650 Units**

**LOT CL: Up to 650 Units**

**LOT CM: Up to 650 Units**

**LOT CN: Up to 650 Units**

**LOT CO: Up to 650 Units**

**LOT CP: Up to 650 Units**

**LOT CQ: Up to 650 Units**

**LOT CR: Up to 650 Units**

**LOT CS: Up to 650 Units**

**LOT CT: Up to 650 Units**

**LOT CU: Up to 650 Units**

**LOT CV: Up to 650 Units**

**LOT CW: Up to 650 Units**

**LOT CX: Up to 650 Units**

**LOT CY: Up to 650 Units**

**LOT CZ: Up to 650 Units**

**LOT DA: Up to 650 Units**

**LOT DB: Up to 650 Units**

**LOT DC: Up to 650 Units**

**LOT DD: Up to 650 Units**

**LOT DE: Up to 650 Units**

**LOT DF: Up to 650 Units**

**LOT DG: Up to 650 Units**

**LOT DH: Up to 650 Units**

**LOT DI: Up to 650 Units**

**LOT DJ: Up to 650 Units**

**LOT DK: Up to 650 Units**

**LOT DL: Up to 650 Units**

**LOT DM: Up to 650 Units**

**LOT DN: Up to 650 Units**

**LOT DO: Up to 650 Units**

**LOT DP: Up to 650 Units**

**LOT DQ: Up to 650 Units**

**LOT DR: Up to 650 Units**

**LOT DS: Up to 650 Units**

**LOT DT: Up to 650 Units**

**LOT DU: Up to 650 Units**

**LOT DV: Up to 650 Units**

**LOT DW: Up to 650 Units**

**LOT DX: Up to 650 Units**

**LOT DY: Up to 650 Units**

**LOT DZ: Up to 650 Units**

**LOT EA: Up to 650 Units**

**LOT EB: Up to 650 Units**

**LOT EC: Up to 650 Units**

**LOT ED: Up to 650 Units**

**LOT EE: Up to 650 Units**

**LOT EF: Up to 650 Units**

**LOT EG: Up to 650 Units**

**LOT EH: Up to 650 Units**

**LOT EI: Up to 650 Units**

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**LOT EL: Up to 650 Units**

**LOT EM: Up to 650 Units**

**LOT EN: Up to 650 Units**

**LOT EO: Up to 650 Units**

**LOT EP: Up to 650 Units**

**LOT EQ: Up to 650 Units**

**LOT ER: Up to 650 Units**

**LOT ES: Up to 650 Units**

**LOT ET: Up to 650 Units**

**LOT EU: Up to 650 Units**

**LOT EV: Up to 650 Units**

**LOT EW: Up to 650 Units**

**LOT EX: Up to 650 Units**

**LOT EY: Up to 650 Units**

**LOT EZ: Up to 650 Units**

**LOT FA: Up to 650 Units**

**LOT FB: Up to 650 Units**

**LOT FC: Up to 650 Units**

**LOT FD: Up to 650 Units**

**LOT FE: Up to 650 Units**

**LOT FF: Up to 650 Units**

**LOT FG: Up to 650 Units**

**LOT FH: Up to 650 Units**

**LOT FI: Up to 650 Units**

**LOT FJ: Up to 650 Units**

**LOT FK: Up to 650 Units**

**LOT FL: Up to 650 Units**

**LOT FM: Up to 650 Units**

**LOT FN: Up to 650 Units**

**LOT FO: Up to 650 Units**

**LOT FP: Up to 650 Units**

**LOT FQ: Up to 650 Units**

# Case Study : Hitachi Urban Village

- Infrastructure Elements
  - Multiple Parks
  - Regional Stormwater
  - CalTrain Bridge
  - 85/Cottle Off-Ramp
  - Street Network
  - \$3.5 million contribution for Blossom Hill interchange.
- Hitachi pre-built all of it
- Landscape and Lighting District
  - Maintenance of parks, stormwater, streetscape



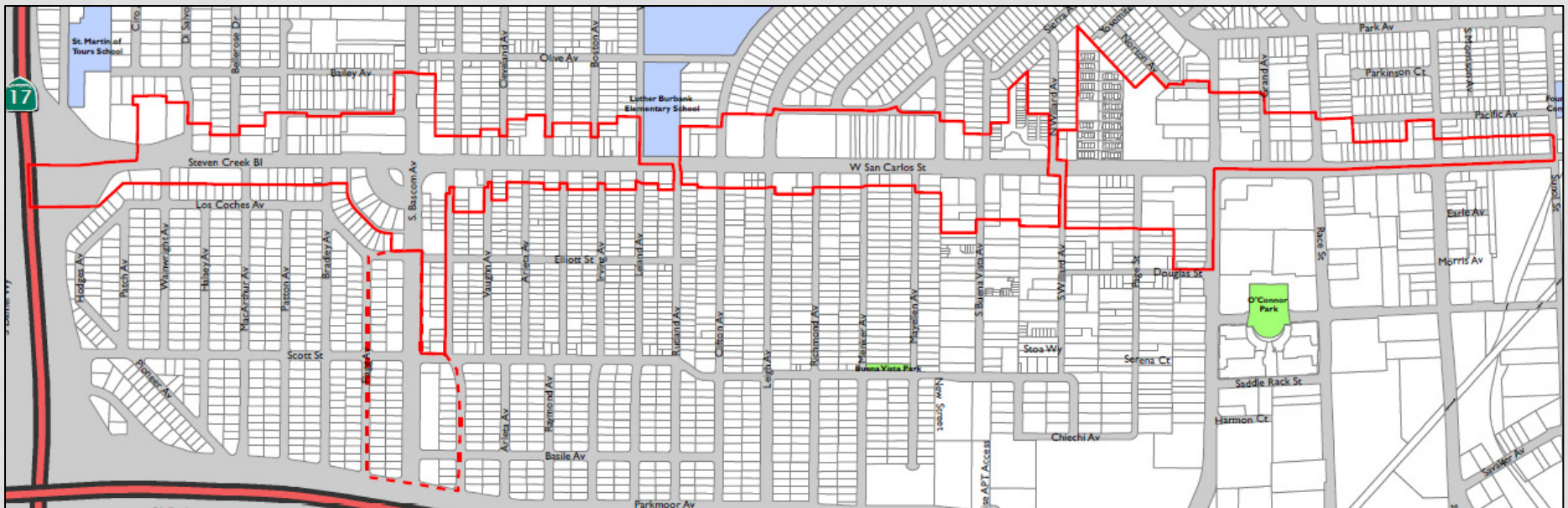
# Case Study : West San Carlos Urban Village

- **Current Draft Plan:**

- 1,245 multi-family units & 295,000 sq. ft. of commercial

- **Many Typical Challenges for Infill Area**

- Multiple parcels and owners
  - Few truly vacant parcels
  - Significant infrastructure upgrades required
  - Residential projects subject to affordable housing fees



The map illustrates the City of San Jose's Character Areas and the proposed Light Rail alignment. Key areas and features include:

- Commercial Gateway Character Area:** Located in the western part of the city, near Highway 17.
- Bascom Commercial Character Area:** Located in the central part of the city, near Highway 280.
- Mixed-Use Commercial Character Area:** Located in the northern part of the city, near Lincoln Senior High School.
- Mixed-Use Residential Character Area:** Located in the eastern part of the city, near Foundry Community.
- Sawley Midtown:** Located in the eastern part of the city, near O'Connor Park.
- O'Connor Park:** A green space located in the eastern part of the city.
- Sueño Vista Park:** A green space located in the central part of the city.
- Lincoln Senior High School:** Located in the northern part of the city.
- Luther Burbank Elementary School:** Located in the central part of the city.
- St. Martin of Tours School:** Located in the western part of the city.
- Foundry Community:** Located in the eastern part of the city.
- Race VTA Light Rail Station:** Located in the southern part of the city, near Highway 280.

The map also shows major roads like Highway 17 and Highway 280, and the proposed Light Rail alignment with stations marked by red circles.

**Legend**

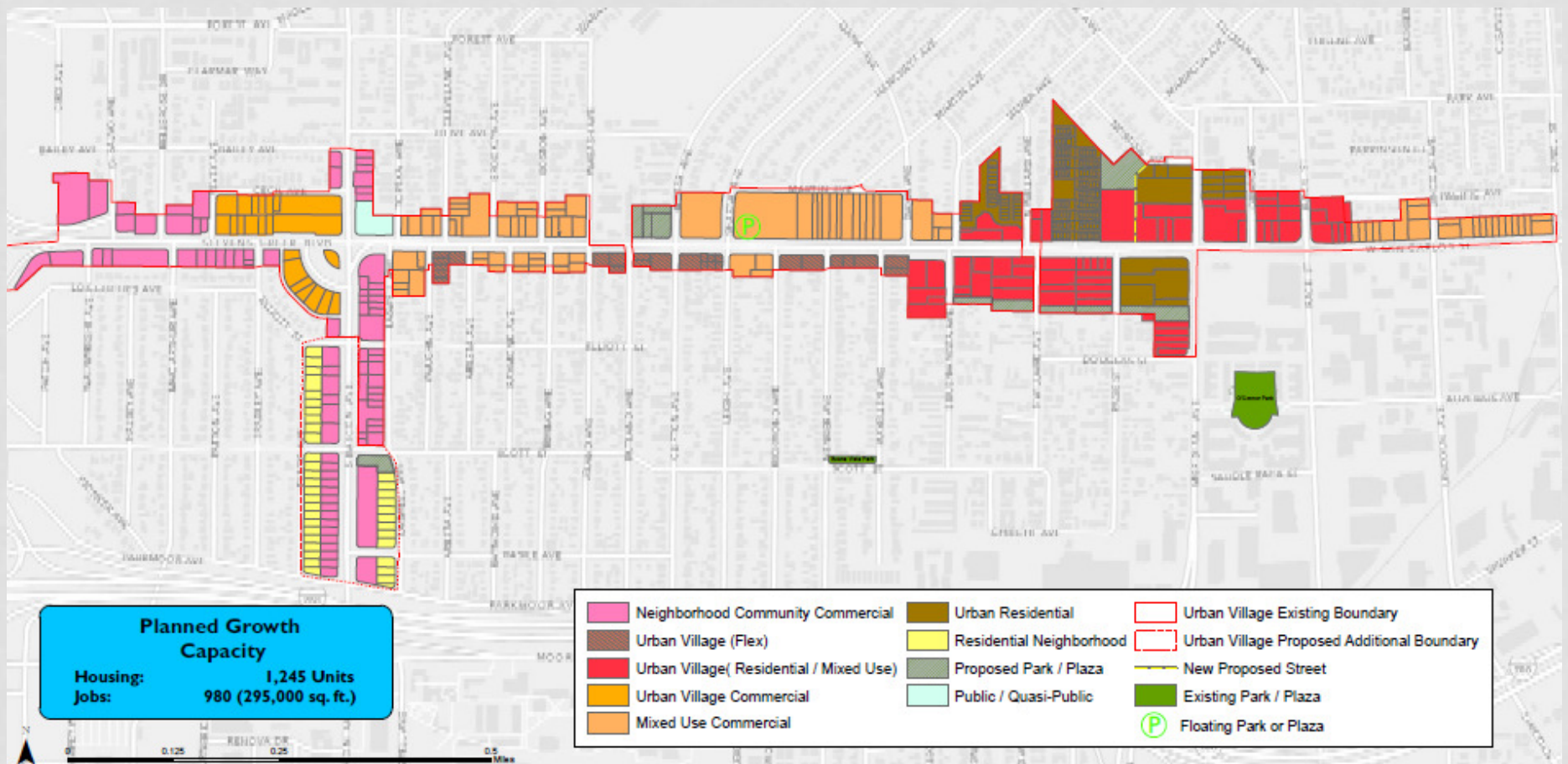
Study Area Light Rail Line Light Rail Station	Building New Building Existing Park Preserved Park	<b>Key Destination Areas</b> Park/Open Space Education Medical	<b>Public</b> Retail/Commercial Residential	<b>Circulation</b> Bus Lane Bike Shop BRT Stop	Bike Corridor Proposed Bike Corridor Existing	<b>Urban Design</b> Event and Festival Element Character Element	Crosswalk/Mid-Block Crossing Proposed Pedestrian/Bicycle Crossing Proposed	<b>Character Zones</b> Commercial Gateway Neuron Commercial Mixed Use Commercial Mixed Use Residential
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# Case Study : West San Carlos Urban Village

## Current Draft Land Use Plan





# West San Carlos Urban Village

## Before



Intersection of West San Carlos Street and Shasta/Leigh Avenues

# West San Carlos Urban Village

## After



Intersection of West San Carlos Street and Shasta/Leigh Avenues



# West San Carlos Urban Village

## Before



Intersection of West San Carlos Street and Willard Avenue



# West San Carlos Urban Village

After



Intersection of West San Carlos Street and Willard Avenue



# West San Carlos Infrastructure

- Existing mechanisms cover basic needs
- **Additional Streetscape improvements (\$15 – 31 M)**
  - Street tree canopy along the Village corridor
  - Enhanced pedestrian street crossings
  - Bulb-outs
  - Bike route on Scott Street



# Why Focus on Urban Village implementation?

- Ensure San Jose attracts and retains jobs, facilitating new non-residential construction.
- Harness market interest in housing development to advance infrastructure, services, and job-generating priorities.
- Provide certainty to developers about the cost of building in an Urban Village.

# Urban Village Development Financial Characteristics

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- High threshold for redeveloping existing uses/buildings
- Higher density = Higher construction costs
- Product types may push the boundaries of market preferences in more traditional suburban-style contexts.
- Incremental development over time by multiple parties.

# Infill Infrastructure Financing Challenges

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- **Multiple parcels and owners**
  - Makes agreements unwieldy
  - Difficult to coordinate collectively beneficial investments
- **Over-sized infrastructure & fairness in reimbursement**
  - Difficult to increase capacity project-by-project
- **Existing deficiencies vs. growth-related impacts**
  - Definition of “existing deficiencies” may vary by community
  - Must separate to allocate appropriately
- **Hidden Benefits vs. Amenity Creation**
  - Developers may not realize rent or price premiums if the benefits of their fees/assessments are “invisible”





# Where does the money come from?

- Landowners
- Developers
- Occupants
- Utilities/Ratepayers
- City
- Regional/State/Federal



# Infill Infrastructure Financing Toolkit

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**No “magic bullets”  
... just different ways to spread costs  
over time, space & ownership.**



# Infill Infrastructure Financing Tool Kit

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- **Directly and Immediately: Upfront Costs:**
  - Impact Fees, Exactions & Development Agreements
  - “Public Development Rights” – tradable development rights, sold on an open market to the highest bidder
- **Directly Over Time – Amortized Payments:**
  - BIDs, CBDs & GBDs
  - Mello Roos CFDs
  - Transfer Taxes/Benefit Covenants
  - Utility Revenue Bonds



# Infill Infrastructure Financing Tool Kit

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- **Indirectly Over Time: Future Value Capture:**
  - Infrastructure Financing Districts (IFD Bonds)
  - Certificates of Participation (COPs Bonds)
- **Outside Sources (aka, “Free Money”):**
  - Low-Interest Loans – SCIP, Infrastructure Bank, etc, subject to reimbursement
  - Grants – private, regional, state or federal



# Infrastructure Development Costs and Revenue Sources

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- **Much of the planned infrastructure and community benefit cost is covered through existing fees and/or as conditions of new development:**
  - Parks
  - Storm and Sewer Connections
  - Water
  - Street Trees
- **Some planned infrastructure exceeds typical standards, but is desired for “place making” and amenity:**
  - Street Trees throughout the Village
  - Bulb-outs
  - Wider Sidewalks
  - Public Art
  - Expected to be roughly \$15-31 million above typical costs

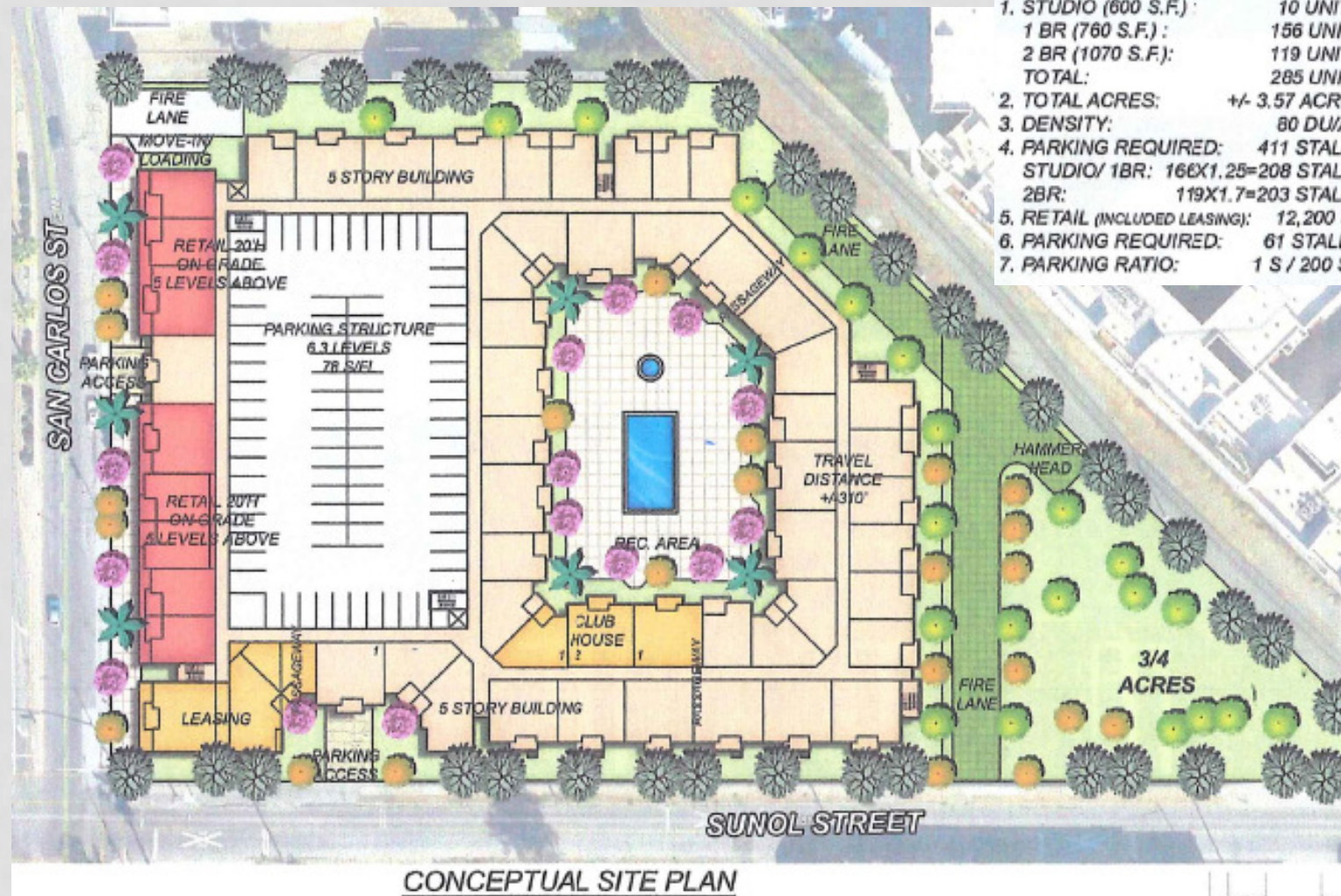


# West San Carlos Illustrative Strategy

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- Pursue “Free Money” (aka. Grant Funding)
- Recapture value if and when the City confers net new land use value
- Leverage net new public revenues generated by new development
- Spread some costs over time with new long-term assessments

# Harness Value from New Entitlements: Cheim Lumber Site Example

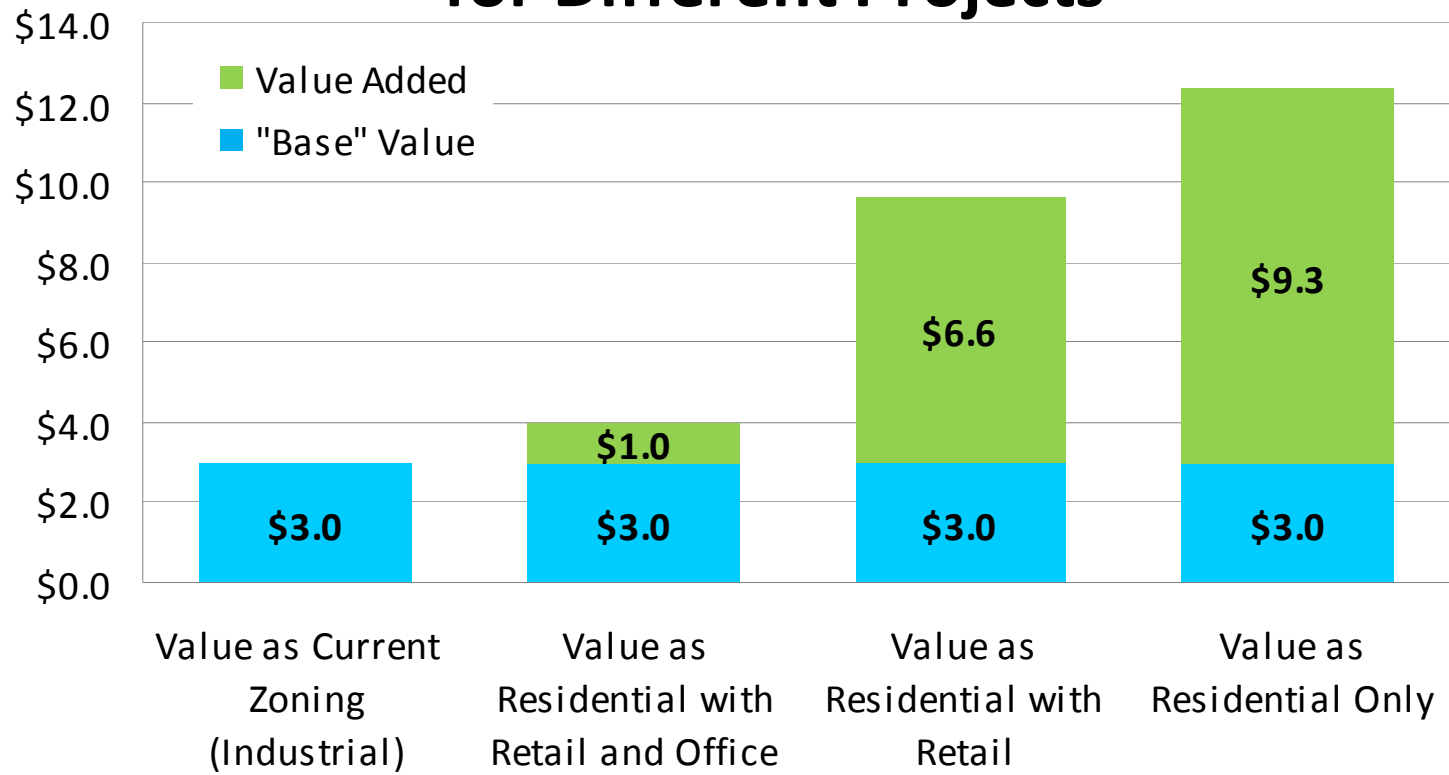


## PROJECT SUMMARY:

1. STUDIO (600 S.F.) :	10 UNITS (3%)
1 BR (760 S.F.) :	156 UNITS (55%)
2 BR (1070 S.F.):	119 UNITS (42%)
TOTAL:	285 UNITS
2. TOTAL ACRES:	+/- 3.57 ACRES
3. DENSITY:	80 DU/AC
4. PARKING REQUIRED:	411 STALLS
STUDIO/ 1BR: 16X1.25=208 STALLS	
2BR: 119X1.7=203 STALLS	
5. RETAIL (INCLUDED LEASING):	12,200 SF
6. PARKING REQUIRED:	61 STALLS
7. PARKING RATIO:	1 S / 200 SF

# Harness Value if City Confers Value: Cheim Lumber Site Example

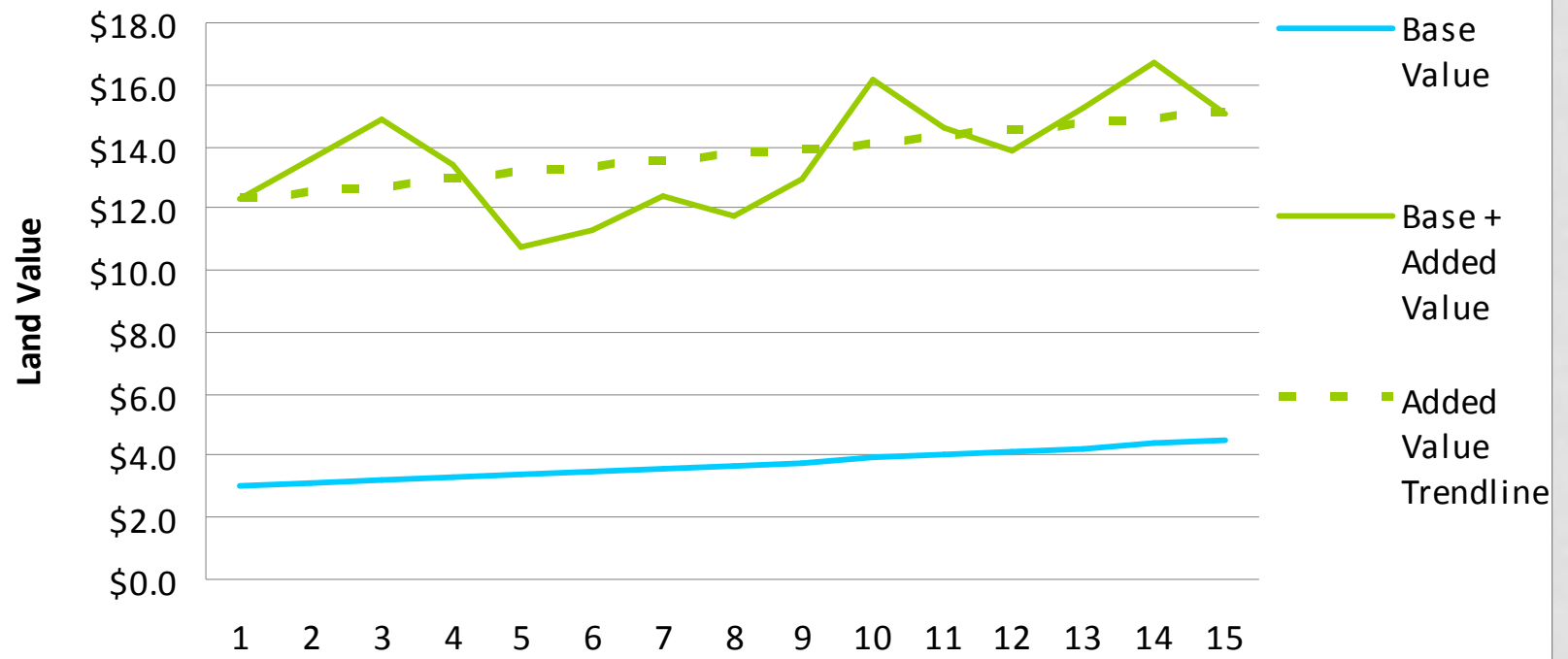
## Illustration of Land Values for Different Projects





# Harness Value if and when the City confers value: "Value Added" is affected by market cycles

## Illustration of "Value Added" Dynamics over Time





# Different Tools for Different Circumstances

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- Large sites with a single owner.
- Multiple sites with multiple owners.
- Hot markets with many projects in the pipeline.
- Cooler markets with piecemeal development.

# Leveraging Added Value for Urban Villages for more than just infrastructure

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- **Incentives for Job-Generating Uses**

- Public Development Right revenues can support job attraction & retention.
- Any net fiscal revenues can be used for similar purposes.

- **Below Market Rate/Affordable Housing**

- Higher market-rate housing values may support more affordable units or higher fees.

- **Green Buildings & Neighborhoods**

- Higher residential values may support higher building standards and generate funding for upgrades to existing public facilities.

# Incentives for Job Generating Uses

## Protecting land for jobs by itself doesn't create jobs

- Office mandates & housing prohibitions may “preserve” land  
from housing development & reduce residual land values, but they do not, by themselves, guarantee job growth.

**... but strong market demand for housing *can* be channeled strategically into activities & programs that attract job-generating uses**

- Make sure City does something *specific* to attract jobs; don't just allow housing and “hope for the best” on jobs.
- Be proactive!





# Incentives for Job Generating Uses

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**New public-private partnerships & financial tools to help businesses making location choices to start “tipping” toward San Jose:**

- Start a “high-touch & high-tech” real estate concierge service – identifying opportunity sites & buildings for job-generating users & fast-tracking permits.
- Fee waivers & business tax breaks
- Low-cost loans for tenant & building improvements
- Workforce training incentives & programs
- Pair all of the above with a marketing campaign

# Words of Caution

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**Risk-based financial returns to developers need to be sufficient to attract equity, or no new development will occur.**

- Enough new value needs to be “left on the table” to incent landowners to sell & developers to invest in a site.
- Certainty is also important.

# Words of Caution

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**Not all Urban Villages are alike – plans must reflect market opportunities in context**

- Be selective about where jobs are required
- Leverage resources from Urban Villages to attract jobs in other areas (like Downtown and North First St., Monterey Corridor, Edenvale, Evergreen)

**Limiting the number of active Urban Villages can drive values up**

- Managed growth with a cap on residential entitlement can yield more opportunities

# Panel Response to Financing and Implementation Approaches





## Discussion Questions

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- How does the Council differentiate between a conversion versus a reuse of employment lands?
- Which potential financing and implementation strategies are of greatest interest?



## Discussion Questions, Continued

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- What other approaches should San Jose consider?
- What other direction would the Council like to provide?